

NSC BRIEFING

~~SECRET~~

29 July 1954

IMPLICATIONS OF THE SUEZ CASE SETTLEMENT

I. Implications of 27 July Settlement

- A. Begins new era Egyptian relations West.
- B. Immediate result strengthen Nasr regime--domestically and among Arab states.
- C. Egypt may now adopt more constructive attitude:
 - 1. Alignments in Arab League--deemphasize new Cairo-Riyadh axis.
 - 2. Regional defense--cooperate with West
- D. Internally regime now faced problem implementing much-publicized economic program--only limited achievement possible due basic problem: overpopulation and lack resources.

II. Reactions to Settlement



- E. Israel concerned consequences British evacuation and grant US arms--demands equal quantity.

DOCUMENT NO. 32
NO CHANGE IN CLASS. ☐

CLASSIFIED

NEXT REVIEW DATE:

AUTHORITY:

1-8-86

REVIEWER: 

State Dept. review completed

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1.



2. In broadcast 25 July Director General Israeli Foreign Ministry strongly objected to British evacuation and grant US arms to Egypt as encouraging "second round". Declared "paper guarantees or new tripartite agreement as pointless."

FOR YOUR INFORMATION:

US Embassy Cairo has drafts ready to negotiation with Egypt for grant arms and economic assistance. Discussions expected to open shortly.